

Message Text

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PAGE 01 ATHENS 10003 191508Z

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 AGR-05 FEA-01

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R 191220Z DEC 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 1830

INFO AMCONSUL THESSALONIKI

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E.O. 11652: N/A

TAGS: EFIN, EIND, ENRG, EINV, EARL, GR

SUBJECT: GOG RENEGOTIATION OF JUNTA-PERIOD FOREIGN INVESTMENT CONTRACTS

REF: A) ATHENS 9121; B) ATHENS A-174

1. GOG HAS NOTIFIED IN WRITING AND WITHIN THE NOVEMBER 28 DEADLINE SET BY LAW 141/75 THE FOURTEEN COMPANIES IDENTIFIED IN REFTEL WHOSE JUNTA-PERIOD LAW 2687 INVESTMENT CONTRACTS (NUMBERING FIFTEEN) ARE TO BE REVISED. THEY HAVE BEEN INVITED TO DECLARE WHETHER THEY AGREE TO NEGOTIATE SUCH REVISION.

2. REPS OF AMERICAN COMPANIES INVOLVED IN THE REVISION PROCESS HAVE INFORMED THE EMBASSY THAT THEY HAVE ALREADY RESPONDED TO GOG'S NOTIFICATION STATING THAT THEY IN PRINCIPLE AGREE TO ENTER INTO NEGOTIATIONS.

3. HELLENIC STEEL COMPANY'S MANAGING DIRECTOR AND
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PAGE 02 ATHENS 10003 191508Z

HELLENIC BOTTLING COMPANY'S (COCA-COLA BOTTLERS) BOARD

CHAIRMAN TOLD US THAT THE GOG NOTIFICATIONS INCLUDED A FULL LIST OF PARTICULARS TO BE CONSIDERED FOR REVISION. ALTHOUGH NEITHER DISCLOSED SPECIFIC REVISIONS PROPOSED BY GOG THEY NEVERTHELESS EXPRESSED HOPE THAT NEW MUTUALLY SATISFACTORY CONTRACTS MAY EVOLVE AS A RESULT OF THE NEGOTIATIONS TO BE HELD. THEY ALSO STATED THAT CERTAIN OF THE POINTS INVOLVED IN THE PROPOSED REVISION HAVE ALREADY BEEN DISCUSSED WITH GOG.

4. REPS OF U.S. OIL EXPLORATION FIRMS WHOSE CONTRACTS ARE IN EFFECT BUT ARE TO BE REVISED (AN-CAR, L.V.O. AND SERRES/PETMAR) TOLD THE EMBASSY THAT GOG'S NOTIFICATION CALLS FOR A REVISION OF CONTRACTS IN THEIR ENTIRETY. SAME SOURCES REPORT THAT WHILE IN THEIR RESPONSES TO GOG THEY EXPRESSLY RESERVE LEGALLY ESTABLISHED CONTRACTUAL RIGHTS, THEY NONETHELESS ARE EAGER TO PROCEED WITH THE PROPOSED REVISION, WHICH WOULD ENABLE THEM TO IMPLEMENT THEIR CONTRACTS. LOCAL LAWYER REPRESENTING BOTH AN-CAR AND SERRES TOLD THE EMBASSY THAT HE HAS ALREADY FILED UNOFFICIALLY WITH GOG THE DRAFT OF A PROPOSED UNIFORM NEW AGREEMENT WHICH WOULD REPLACE THE EXISTING ONES. HE FURTHER EXPRESSED THE BELIEF THAT APPLICATION OF THE PRODUCTION SHARING FORMULA IN THE REVISION OF OIL EXPLORATION AND DEVELOPMENT CONTRACTS MAY IN THE LONG RUN PROVE ADVANTAGEOUS IN THE SENSE THAT IT MAY COUNTERBALANCE THE EFFECT OF CERTAIN TX AND ROYALTY COMMITMENTS PROVIDED UNDER THE ORIGINAL CONTRACTS.

5. A REPRESENTATIVE OF THE ASPROPYRGOS REFINERY TOLD THE EMBASSY THAT THE PROPOSED REVISION OF OIL REFINERY CONTRACTS INVOLVES A LARGE NUMBER OF PROVISIONS. THE HELLENIC ASPROPYRGOS REFINERY S.A. HAS NOT AS YET RESPONDED TO GOG'S NOTIFICATION BUT WILL DO SO BEFORE THE 12/28/75 DEADLINE EXPIRES.

6. THE CONSENSUS AMONG THE COMPANIES AFFECTED BY THE REVISION IS THAT GOG IS PRIMARILY INTERESTED IN SATISFYING PUBLIC OPINION RATHER THAN IN CARRYING OUT A RADICAL REVISION OF JUNTA-PERIOD CONTRACTS. THE EMBASSY HAS NOT AS YET DISCERNED SIGNS OF SERIOUS LIMITED OFFICIAL USE

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PAGE 03 ATHENS 10003 191508Z

CONCERN ON THE PART OF FIRMS INVOLVED IN THE REVISION PROCESS, ALTHOUGH IT MAY BE STILL TOO EARLY TO PASS JUDGMENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: JUNTA, FOREIGN INVESTMENTS, CONTRACTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ATHENS10003
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750442-0248
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751225/aaaaavzz.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 ATHENS 9121, 75 ATHENS A-174
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2003 by BoyleJA>; APPROVED <12 AUG 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOG RENEGOTIATION OF JUNTA-PERIOD FOREIGN INVESTMENT CONTRACTS
TAGS: EFIN, EIND, ENRG, EINV, GR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006